

Message Text

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12

ACTION NEA-06

INFO OCT-01 SS-14 ISO-00 SSO-00 EB-03 INR-05 CIAE-00 NSC-05

NSCE-00 L-01 SP-02 INRE-00 AGR-03 COME-00 /040 W

----- 064289

O R 081027Z MAY 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC IMMEDIATE 3388

INFO AMEMBASSY BEIRUT

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LIMDIS

STATE FOR NEA/ARN, P. BULLEN

DEPT PASS AGRICULTURE AND USDOC

AGRICULTURE FOR FAS, LEO D. WALLACE

USDOC FOR BIC/BUSINESS COMMUNICATIONS SECTION, D. S.
GILPATRIC

BEIRUT FOR AGATT

E.O. 11652: N/A

TAGS: EAID, BBAK, SY

SUBJ: PL 480 TITLE I WHEAT TENDER - JOSPEH MCELROY

1. SUMMARY. TEXT STATE 107056 OBTAINED FROM BEIRUT BY
PHONE AS OUR CIRCUITS HAVE BEEN OUT. WE REQUEST IMMEDIATE
USDA DECISION TO REJECT OR APPROVE SUBJECT SALE, PARTICULARLY
GIVEN CONTINUING NEGATIVE COMMERCIAL REPORTS ON PENNSYL-
VANIA MINIG CO. (PMC) AND FIRM'S INABILITY TO MEET PL
480 CONDITIONS PRECEDENT. ALSO REQUEST USDOC CAREFUL
BACKGROUND CHECK ON MCELROY AND CABLE REPORT TO US AS
WE DO NOT WANT BAD AMERICAN COMMERCIAL EGG IN SYRIA DURING
BEGINNING OF RAPIDLY GROWING US-SYRIAN ECONOMIC RELATIONS,
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OR AT ANY OTHER TIME. END SUMMARY.

2. JAMES COMYNS, COMYNS BROTHERS, PUBLIC STOCK CONTRACTING COMPANY IN NEW YORK CITY, CALLED ECONOFF FROM NEW YORK AT 0945 (0245 NEW YORK TIME) AND SPOKE FOR 40 MINUTES RE HIS PROBLEMS WITH JOSEPH G. MCELROY, WHOSE FIRM PENNSYLVANIA MINING COMPANY (PMC) WAS AWARDED SUBJECT CONTRACT APRIL 30 FOR \$10,143,750 (75,000 MT WHEAT AT \$135.25/M.T.; SEE DAMASCUS 1643, 1604). COMYNS SAID MCELROY WANTED TO ARRANGE THREE-PARTY CONTRACT WITH SYRIAN CEREALS OFFICE (OGCM), PMC/COMYNS BROS./ BUNGE. COMYNS SAID HE WANTED USG TO BE "VERY OFFICIALLY AWARE" THAT HE WANTED NO RPT NO PART OF THE DEAL, SINCE HIS FIRM NOT A COMMODITY TRADER AND ANY INVOLVEMENT WITH MCELROY, IN COMYNS' OPINION, WOULD RESULT IN FRAUD.

3. COMYNS SAID HE HAD CHECKED OUT MCELROY AND FRED MCGAVIN (STATE 014572) IN PENNSYLVANIA AND SAID WHILE LATTER HAD GOOD REPUTATION, INFORMATION ON MCELROY WAS VERY NEGATIVE, INCLUDING SEC AND GRAND JURY INVESTIGATION ABOUT FIVE YEARS AGO IN PHILADELPHIA RELATING TO QUEEN ELIZABETH SINKING IN HONG KONG AROUND THAT TIME.

4. COMYNS CALLED ON EMBASSY IN FEBRUARY WITH MCELROY RE EQUIPMENT SALES TO SARG MINCOMMUNICATIONS (PARA 1, DAMASCUS 0118). COMYNS SAID AFTER HE LOOKED INTO THESE SALES, HE CABLED MINCOMM. FEB 14 DISASSOCIATING HIS FIRM ENTIRELY FROM PMC AND MCELROY. COMYNS SAYS PMC'S CONTRACTS FOR EQUIPMENT SALES TO MINCOMM AND SARG PHOSPHATE CO. ARE MUCH TOO LOW ON UNIT COST AND PMC CANNOT POSSIBLY DELIVER ON THESE CONTRACTS TOTALING CLOSE TO \$7 MILLION, FOR WHICH MINCOMM AND PHOSPHATES CO REPORTEDLY HAVE ALREADY ISSUED L/C'S TO PNC FOR CLOSE TO \$1 MILLION WITHOUT FIRST OBTAINING PERFORMANCE BOND FROM PMC/MCELROY.

5. IN ADDITION TO ABOVE EQUIPMENT, MCELROY HAS BEEN ATTEMPTING TO ARRANGE SEVERAL OTHER DEALS AS WE READ THEM FROM COMMERCIAL CABLES SENT TO MCELROY C/O EMBASSY:

A. GASOLINE AND LUBE OIL SALE TO SYRIA FROM SATI LALL, VIMASON OIL CO., LONDON;
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B. RICE SALE ON BEHALF OF DR. WATERS AND T.R. BROWN, OMNIGROUP CO., GEORGIA, AND ALSO MIKE FLORIAN, E AND G INDUSTRIES, BOXH189, ABINGTON, PA. 19001, BANK REF FULTON NATIONAL BANK TLX-542-421, ATTN, HERBERT WALDAM, ACCT NO 01-458-82;

C. 48,000 M.T. AND 36,000 M.T. SUGAR SALE

ON BEHALF JOAQUIN GARCIA, CARIBBEAN IMPORT EXPORT CO.,
ARUBA AND ARUBA BANK LTD, ARUBA (TELEX 1182 ABANK, F.J.
EMAN, MANAGING DIRECTOR, TEL 15-58), GARCIA ALSO
WORKING THROUGH BANKERS TRUST INTERNATIONAL CORP., TELEX
81-848-7971 "ANSWERBACK BANK TRUST MIA ATTN. JOAQUIN GARCIA
TO MR. CERVANDO MONTERO, VICE PRESIDENT;"

D. CONTRACT BOND FROM FIDELITY DEPOSIT COMPANY OF
MARYLAND, BALTIMORE, MD 21203, BOND NO. 8801836, FEB 20,
1975, SIGNED BY JUDITH A. DOOLING, BETWEEN GENERAL ENGINES
CO., INC., RT. 130, THOROFARE, NEW JERSEY 08086, AND
PENNSYLVANIA MINING COMPANY;

E. ANOTHER BOND ISSUED BY TRANSAMERICAN INSURANCE
CO., C.W. POWER, ATTORNEY, 245 EAST ADAMS ST., JACKSONVILLE,
FLORIDA, TEL. 904-353-3181, INVOLVING 15 LOW-BOY TRACTORS.

6. WE HAVE JUST PHONED AGATT PITCHER FOR TEXT OF STATE
107056 AS OUR CIRCUITS HAVE BEEN OUT. RE PARA 4 AND PMC,
WE HAD EXPECTED FINAL USDA DECISION ON REJECTION OR
APPROVAL OF PMC WHEAT SALE AS OF COB MAY 7 WASHINGTON.
IN ALL FAIRNESS TO SYRIANCEREALS OFFICE, AND BASED
ON NEGATIVE COMMERCIAL INFORMATION RE MCELROY REPORTED
ABOVE AND WHICH WE ARE HEARING FROM REPS OF KNOWN COMMODITY
TRADERS IN DAMASCUS AND BEIRUT, WE STRONGLY RECOMMEND USDA
LEGAL ADVICE BE OBTAINED SOONEST AT OPENING OF BUSINESS
MAY 8 WASHINGTON AND WE BE CALLED WITH USDA DECISION. IF
WE DO NOT HEAR FROM USDA BY 0900 WASHINGTON (1600 DAMASCUS),
WE WILL PLACE CALL TO LEO WALLACE, USDA/FAS. IF PMC CANNOT
MEET CONDITIONS PRECEDENT AS SET FORTH UNDER PL 480, THEN
SALE SHOULD BE REJECTED AND EMBASSY SHOULD BE INSTRUCTED
TO INFORM OGCM TO RE-TENDER.

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7. ALSO REQUEST FULL, AND THIS TIME MORE COMPLETE, USDOC
COMMERCIAL CHECK RE PMC AND MCELROY AND COMPANIES NOTED
ABOVE IN PARAS 3-5 SO WE MAY PROVIDE BETTER COMMERCIAL
CHECK INFO TO CONCERNED PRIVATE SYRIANS AND SARG
GOVERNMENT OFFICES.
MURPHY

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